

Torricelli and the Money Man

N.J. Senator Had Symbiotic Relationship With Executive

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Sen. Robert G. Torricelli's office was insistent. "It is IMPERATIVE that the senator meet the prime minister," a Torricelli aide wrote in a July 1999 e-mail to a doubtful official at the U.S. Embassy in Seoul. "PLEASE TRY AGAIN with the foreign ministry."

Four days later, the New Jersey Democrat got his session with South Korean Prime Minister Kim Jong Pil. In tow, he had an unexpected companion: New Jersey businessman David Chang, a major contributor to Torricelli and the Democratic Party. Chang's interest was not economic affairs at large -- the meeting's supposed topic -- but a specific financial goal, persuading the Korean government to let him buy a large insurance company.

Now, Chang, a wealthy Korean American who prosecutors have said had multiple passports, simultaneous marriages and murky funding sources for his business enterprises, is a central cooperating witness in the long-running Justice Department probe of Torricelli's 1996 Senate campaign. He has told federal prosecutors that he did far more for Torricelli than simply serve as a steady source of campaign donations, giving him antiques, Italian suits, a Rolex watch and even cash, none of which was reported on Torricelli's financial disclosure forms. Agents last month took the unusual step of searching the senator's Englewood, N.J., home.

The events surrounding the Korean visit, revealed in interviews and State Department e-mails, schedules and cables newly obtained under the Freedom of Information Act, are fresh evidence of Torricelli's effort on Chang's behalf. A characteristically combative Torricelli declares that he never accepted any "illegal gifts" from Chang and that any help he provided was routine and appropriate constituent service.

But a relationship that once seemed to suit the needs of senator and constituent now could threaten the political future of one of the leading Democrats in Congress, a man who rose to political prominence in large part on the strength of his prodigious fundraising skills. And Chang's role at the center of what is publicly known about the Torricelli investigation offers a window into the symbiotic relationships that exist between elected officials and those who bankroll their campaigns.

Torricelli himself will not comment about his efforts on Chang's behalf. His attorneys say they are unable to respond to specific questions because they are in discussions with prosecutors in U.S. Attorney Mary Jo White's office in New York. "Bob Torricelli is totally innocent," said his attorney Theodore Wells Jr. "My sole goal is to convince [prosecutors] to close the case."

Both Men Benefited

From the start, the Chang-Torricelli relationship was one of mutual benefit. In the mid-1990s, Chang turned to Torricelli, his home state congressman, for help with his international business problems, particularly his quest to recover \$71 million he contends North Korea owes him for a grain shipment.

At the time, Torricelli was raising money for his successful race for the U.S. Senate, piling up one of the biggest war chests in the country, more than \$9 million. Chang was largely a Republican donor until President Bill Clinton took office in 1992. His donations to Torricelli after that landed him on the congressman's finance committee, and he blossomed over the next several years into one of the Democratic Party's biggest benefactors, giving \$235,000 in the mid- to late '90s.

Chang benefited, too. He met Clinton at a Torricelli fundraiser. When Chang wanted a State Department hearing about his plan to import zinc from North Korea, Torricelli stepped in to help. Torricelli vouched for Chang's bona fides with Democratic fundraiser Terence McAuliffe when Chang hired him as a

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consultant.

Chang's success in getting high-level aid is notable, given the claims he made about himself. They were outside by any measure, sometimes outlandishly so. He owned the biggest yacht in the world, he told McAuliffe -- and the biggest private plane, too. He was putting together a billion-dollar deal with former president George Bush to reclaim Malaysian wetlands for development, requiring just \$30 million to close the deal.

Prosecutors -- who now may seek to use Chang's testimony against Torricelli -- have described Chang in court as unreliable. One of his former lawyers was just as harsh in court papers, labeling him a chronic liar.

A Life of Mystery

Chang, 57, remains a figure of some mystery even now. In dueling court briefs last year, the government painted a picture of a man whose life story was filled with lies and contradictions, while his defense attorneys portrayed his biography as a classic immigrant success story.

He was born in China and raised in South Korea. According to a court filing, "at age 19, he moved to London to attend some of England's prestigious schools." He made millions on the spot oil market in the Middle East, associates said, before buying the Hilton in Fort Lee, N.J. He drove a Rolls Royce convertible, dressed well, hired ambitious business school graduates and built an impressive international Rolodex. His business plans around the globe ran the gamut from building a hotel in North Korea to buying airliners in Taiwan.

But he was sued for making false promises by some of those ambitious young people he promised to make rich, and he had trouble coming up with the money at key points in his international deal-making. When FBI agents showed up at Chang's Cresskill, N.J., home in June 1999, he tried to pass himself off as the gardener. When they didn't buy that, he told them that Attorney General Janet Reno had personally assured him she was shutting down the campaign investigation that month.

The source of his income raises even more questions, the government has said. Chang said in a credit application to an Atlantic City casino that he made \$200,000 in 1997, while his U.S. tax return for the same year reports only \$66,121 in income. "Chang's lifestyle and known business activities demonstrate a substantial source of income, but he has no visible source of income in the United States," prosecutors said in court papers last year.

Last June, Chang pleaded guilty to making \$53,700 in illegal straw donations to the Torricelli campaign -- funneling contributions through four other donors who were then reimbursed. Prosecutors notified three of Torricelli's former campaign aides early this year that they are targets of the probe as well, though no evidence has emerged that would indicate Torricelli knew of or encouraged the straw donations.

Before he hooked up with Torricelli, Chang's political connections had been with Republicans. He had hired retired Adm. Daniel Murphy, whose political pedigree -- he served as George Bush's vice presidential chief of staff, commanded the Navy's 6th Fleet and was deputy director of the CIA -- added luster to Chang's résumé. Murphy's political connections as a lobbyist at Gray & Co. helped Chang win a license to export grain to North Korea in 1991, a first of its kind to the communist nation.

Not long after he became close to Torricelli, Chang surfaced in another fundraising scandal. In 1997, he told the FBI he made illegal donations to California Republican congressman Jay Kim, who subsequently pleaded guilty to campaign finance violations.

Chang looked like trouble to some people around Torricelli from the beginning. Jamie Fox, Torricelli's longtime chief of staff, refused to be in Chang's company, according to Torricelli political advisers. Fox declined to comment.

But Torricelli struck up a personal friendship with the businessman. Chang's difficulties involved C. Kenneth Quinones, the State Department's Korea desk officer, who met Chang at a Republican fundraiser in 1993. Quinones is under investigation for allegedly accepting a car and other gifts from Chang, according to federal sources. About the time Quinones was leaving the department in 1998, he began to raise doubts about Chang, making it difficult for Chang to push his idea of getting the U.S. government to distribute North Korea's frozen assets to creditors in this country. Quinones declined to comment.

Turning to Senator for Help

Chang turned to Torricelli, who contacted the State Department. Within days, Assistant Secretary of State Stanley O. Roth, the top-ranking official on Asia-Pacific affairs, convened a meeting in his Foggy Bottom office about Chang's plan.

Roth said he reviewed another Chang matter in which Torricelli expressed an interest. The senator called to ask about unfreezing the North Korean assets. Roth's staff told Torricelli's office that Chang was just one of many with claims on the assets.

Torricelli and his ex-wife Susan Holloway Torricelli, a Democratic fundraiser whom Torricelli still considers his closest friend, introduced Chang to McAuliffe, now chairman of the Democratic National Committee. After receiving assurances from Torricelli about Chang's legitimacy, McAuliffe signed on as a consultant to Chang, agreeing to line up U.S. insurance companies to invest in Korea Life, a giant troubled insurance company the South Korean government had placed on the auction block.

McAuliffe traveled to Korea with Chang in the summer of 1999 but severed his dealings with him and left the country when Chang seemed to have trouble coming up with initial money for the deal. McAuliffe was paid \$170,000, two former Chang associates said, though a spokeswoman for McAuliffe said the amount was actually less than \$100,000.

A month earlier, on July 7, 1999, Torricelli had held the meeting with Prime Minister Kim that his staff had sought so urgently, State Department officials said. Torricelli asked for the meeting with Kim and Finance Minister Kang Bong Kyun by saying he planned "to discuss political, economic and humanitarian developments in North Korea," according to a State Department cable to the embassy in Seoul before the trip.

A Torricelli aide said in an e-mail to an embassy official that she had also made a similar pitch to a Korean Embassy official in Washington. "I told him that since Senator Torricelli is going to the north and has a 20-year relationship with the ROK [Republic of Korea] government," Torricelli staffer Maria Pica wrote in a July 4 e-mail, "it was critical that he see the PM [prime minister] for 15-20 minutes."

But, a State Department spokesman said, Torricelli unexpectedly brought Chang for both meetings, and the topic they wanted to discuss was Chang's effort to buy Korea Life.

Afterward, the U.S. ambassador, Stephen Bosworth, made an embarrassed apology to Kang, saying the embassy had not known of Torricelli's intentions.

Torricelli flew on to Beijing, then to North Korea, where he met with Vice Foreign Minister Kim Gye Gwan. Meetings between U.S. officials and North Koreans are relatively rare, and Torricelli made the trip even more unusual by bringing along private businessmen. He also was accompanied by Uni Berrie, a Korean American woman he once dated, according to a source familiar with the investigation. Berrie declined to comment.

Chang was not part of his traveling party, but several other New Jersey businessmen were. They included Mario A. Monello, head of junk-bond trading at CIBC World Markets, and Grover Connell, a New Jersey grain trader and Torricelli fundraiser whose company has sold \$7 million in grain to the U.S.

Agency for International Development for humanitarian delivery to North Korea. Connell and Monello said they were there at Torricelli's invitation to see the country, not to do business.

Torricelli had written to the North Korean ambassador urging a resolution to Chang's claims in 1995, but Connell said he knew of no discussions of Chang's case during the 1999 trip. Connell said the talks concerned missiles and satellites.

Torricelli Responds

Torricelli has denied doing anything for Chang beyond minimal help. Torricelli said in an interview last year that he called the Justice Department about Chang's contract dispute with the North Koreans and learned that nothing could be done. Beyond that, his office has said he did nothing but write a boilerplate letter of recommendation to the South Korean government for Chang. Last week, the office confirmed he also wrote to the North Koreans on Chang's behalf.

Torricelli has not denied receiving gifts from Chang, nor has he disclosed what investigators sought or found in the search of his home. Under Senate rules, even gifts from friends, if they are worth more than \$250, must be listed. Torricelli has not disclosed any gifts from Chang but has seemed in recent public statements to have gone out of his way to describe his relationship with Chang as personal rather than political.

"David Chang was my friend. We were friends for several years," Torricelli said at a fiery news conference last month in which he vowed to fight for his reputation. "Like the president of the United States, other members of Congress and business associates, I believed David's representations. Now we know that everything about his life, from his marriage, addresses, places and dates of birth, and businesses, were complete fabrications. Indeed, none of us really know who David Chang really is, or what he is."

Staff writer Joe Stephens and researcher Alice Crites contributed to this report.

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